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SUBJECT: EGYPT'S ECONOMY: January 19 PRESS ROUND-UP

11. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

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Natural Gas Price Increase Postponed  
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12. (U) The Energy Pricing Committee of the Ministry of Trade and Industry recommended maintaining the current prices of natural gas to non-energy intensive industries for an additional six months through June 2010. To support Egyptian industry during the global financial crisis, in late 2008 the GOE decided to postpone planned price hikes in natural gas to non-energy intensive sectors until the end of 2009 (Al Masry Al Youm, 1/13/2010).

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Egyptian Court Blocks France Telecom Bid  
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13. (U) The Egyptian Administrative Court ruled on January 13 to block France Telecom's (FT) attempt to buy all of the outstanding shares in Egyptian telecom giant Mobinil. FT, which already holds a 71.25% stake in Mobinil, had offered LE 245 (US\$45.29) per share for Orascom Telecom's 28.75% stake in the company. The decision was described in the Egyptian press as a major victory for Orascom after its lengthy battle with FT (Al1 Newspapers, 1/14/2010).

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Egypt Plans to Cultivate Wheat in Uganda  
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14. (U) President Mubarak met with Ugandan Prime Minister Apolo Nisbambi on January 11 and discussed increasing trade and investment cooperation with Uganda and the possibility of growing wheat for Egypt in the Nile Basin country. An Egyptian Cabinet spokesman said that an Egyptian delegation will visit Uganda soon to scout for suitable land to grow wheat, although transportation of large quantities of wheat from Uganda to Egypt remains an issue. The following day, Egyptian Minister of Agriculture Amin Abaza told the press that Egypt's role in the Nile Basin will diminish Israel's role in the region (Al Ahram, 1/12/2010, Al Masry Al Youm, 1/13/2010).

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Mubarak May Alter New Real Estate Tax  
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15. (U) President Hosni Mubarak announced during an event in the Kafr El Sheikh governorate on January 17 that the new real estate tax system has yet to be finalized, and that it may be implemented gradually. Mubarak also said that he is considering making the new real estate tax progressive, which would be a significant change to the current law which imposes a flat percentage tax on property value after exemptions (Al Ahram, Al Masry Al Youm, Al Shorouk, Al Dustour, 1/18/2010).

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Suez Canal Revenue Rises in December  
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16. (U) Revenue from the Suez Canal totaled US\$389.7 million in December 2009, a 6.6% increase from November 2009. Egypt's Suez Canal revenues dropped significantly during the global downturn in trade resulting from the economic crisis, and even after the December 2009 increase, year-on-year revenue is still down 0.5% from the December 2008 level. (Al Shorouk, 1/11/2010).

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